

**WATERVLIET CITY/TOWNSHIP CEMETERY**  
**BERRIEN COUNTY, MICHIGAN**

**FINANCIAL REPORT**

**March 31, 2008**

**WATERVLIET CITY/TOWNSHIP CEMETERY  
BERRIEN COUNTY, MICHIGAN**

**FINANCIAL REPORT**

**March 31, 2008**

**CONTENTS**

	<b><u>Page</u></b>
MANAGEMENT DISCUSSION AND ANALYSIS.....	I-III
INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS:	
Statement of Net Assets .....	2
Statement of Activities.....	3
Notes to Financial Statements .....	4-6
REQUIRED SUPPLEMENTAL INFORMATION	
General Fund - Budgetary Comparison Schedule .....	7

## Management's Discussion and Analysis

### **Basic Financial Statements**

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, and Required Supplementary Information. In the Basic Financial Statements information is included that presents two different views of the Watervliet City/Township Cemetery.

- The first column of the financial statement includes information on Watervliet City/Township Cemetery's General Fund under the modified accrual method. These Fund Financial Statements focus on current financial resources and provide a more detailed view about the accountability of Watervliet City/Township Cemetery's sources and uses of funds.
- The Government-wide Financial Statement columns provide both long-term and short-term information about Watervliet City/Township Cemetery's overall financial status. The Statement of Net Assets and the Statement of Activities provide information about the activities of Watervliet City/Township Cemetery as a whole and present a longer-term view of the Cemetery's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.
- The Basic Financial Statements also include Notes that explain some of the information in the financial statements and provide more detailed data.

The Required Supplementary Information section follows the Basic Financial Statements and further explains and supports the information in the financial statements.

### **Condensed Financial Information**

The tables below contain key financial information in a condensed format:

	<b><u>2006/2007</u></b>	<b><u>2007/2008</u></b>
Current Assets	<u>\$ 55,949</u>	<u>\$ 57,415</u>
Total Assets	<u>\$ 55,949</u>	<u>\$ 57,415</u>
Net Assets:		
Unreserved and Undesignated	<u>\$ 55,949</u>	<u>\$ 57,415</u>
Total Net Assets	<u>\$ 55,949</u>	<u>\$ 57,415</u>

### **Condensed Financial Information - Continued**

	<b><u>2006/2007</u></b>	<b><u>2007/2008</u></b>
<b>Revenue:</b>		
Local unit contributions	\$ 10,000	\$ 10,000
Lot sales	3,500	1,500
Burial fees	1,200	900
Investment income	<u>1,396</u>	<u>1,336</u>
Total Revenue	<u>\$ 16,096</u>	<u>\$ 13,736</u>
<b>Expenditures:</b>		
Cemetery services	<u>\$ 11,566</u>	<u>\$ 12,270</u>
Change in Net Assets	<u>\$ 4,530</u>	<u>\$ 1,466</u>

### **Watervliet City/Township Cemetery as a Whole**

- Watervliet City/Township Cemetery's net assets increased by \$1,466 this year. Revenue decreased by 17.2% this year and expenses increased 6.1%.
- Watervliet City/Township Cemetery's primary source of revenue is from local unit contributions, which represent 72.8% of total revenue. The second most important source of revenue comes from lot sales which comprise 10.9% of total revenue. Sales of burial lots are unpredictable and vary from year to year. This year lot sales were down just under 43%. Investment income is also down 4.3%.
- Maintenance expenses are a significant cost to Watervliet City/Township Cemetery, representing 86.4% of total expenditures. This is lower than the previous year, as maintenance expenditures represented 91.6% of total expenditures for Watervliet City/Township Cemetery.
- The second most significant cost to Watervliet City/Township Cemetery, which represented 5.3% of total expenditures, was utilities. Utilities were slightly higher in the previous year; it made up 5.5% of total expenditures.

### **Watervliet City/Township Cemetery's Fund**

An analysis of Watervliet City/Township Cemetery's major fund is included in the Financial Statements in the first column of the respective statements. The fund column provides detailed information about the most significant fund - not the cemetery as a whole. The Cemetery Board has the ability to create separate funds to help manage money for specific purposes. The Cemetery's major fund consists solely of the General Fund.

The fund balance of the General Fund is \$57,415 which is an increase \$1,466. Maintenance expenses are the largest use of resources for this fiscal year.

### **Cemetery Budgetary Highlights**

The Cemetery bought back the Vawter lots soon after the fiscal year began.

Utilities were about the same for the year and no other unexpected expenses occurred.

As in the recent past burials number around 10 - 12 per fiscal year and most of the burial sites were pre-purchased. Cremations continue to be popular and are a loss of potential revenue for the Cemetery.

### **Future Operating Plans**

The Cemetery Board met three times during the year. At each meeting discussion ensued on the possibility of dissolving the Cemetery Board and turning over control to the City of Watervliet. The City of Watervliet does not want to do this but the Township does. Talks continue.

# Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4<sup>th</sup> Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

February 2, 2009

## INDEPENDENT AUDITOR'S REPORT

To the Cemetery Board  
Watervliet City/Township Cemetery  
Watervliet, Michigan

We have audited the accompanying financial statements of Watervliet City/Township Cemetery, including the Cemetery's budgetary comparison statements as of and for the year ended March 31, 2008, which collectively comprise the Cemetery's financial statements as listed in the table of contents. These financial statements are the responsibility of Watervliet City/Township Cemetery's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the Cemetery has not maintained adequate accounting records related to the sale of their lots and any burial fees collected. As a result, we were unable to apply audit procedures to determine the proper balances of these revenue accounts.

Since the Cemetery did not maintain adequate accounting records, the scope of our engagement was not amply sufficient to enable us to express, and we do not express an opinion on the Statement of Net Assets and the Statement of Activities for the year ended March 31, 2008.

In our opinion, except for the effects of any adjustments that might have been determined to be necessary had the revenue accounts referred to above been subject to satisfactory audit tests, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Watervliet City/Township Cemetery as of March 31, 2008, and the respective changes in financial position and budgetary comparison schedules for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Gerbel & Company, P.C.*

**Right. On time.**

**WATERVLIET CITY/TOWNSHIP CEMETERY**  
**Statement of Net Assets**  
**March 31, 2008**

**Assets**

**Current Assets**

Cash	\$ 21,116
Investments - Certificates of deposit	31,299
Due from other governmental units	<u>5,000</u>

TOTAL ASSETS	<u>\$ 57,415</u>
--------------	------------------

**Fund Balance/Net Assets**

Unreserved fund balance	<u>\$ 57,415</u>
-------------------------	------------------

TOTAL FUND BALANCE/NET ASSETS	<u>\$ 57,415</u>
-------------------------------	------------------

**WATERVLIET CITY/TOWNSHIP CEMETERY**  
**Statement of Activities**  
**For the Year Ended March 31, 2008**

**Revenue:**

Local unit contributions	\$ 10,000
Lot sales	1,500
Burial fees	900
Investment income	<u>1,336</u>

Total Revenue	\$ <u>13,736</u>
---------------	------------------

**Expenditures:**

Maintenance	\$ 10,600
Repurchase of lots	600
Utilities	648
Insurance	100
Post office box rent	26
Bank charges	2
Miscellaneous	<u>294</u>

Total Expenditures	\$ <u>12,270</u>
--------------------	------------------

Excess of Revenue Over Expenditures	\$ 1,466
--	----------

Net Assets, Beginning of Year	<u>55,949</u>
-------------------------------	---------------

NET ASSETS, END OF YEAR	<u>\$ 57,415</u>
-------------------------	------------------



**WATERVLIET CITY/TOWNSHIP CEMETERY**  
**Notes to the Financial Statements**  
**March 31, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Watervliet City/Township Cemetery (the "Cemetery") is located in the City of Watervliet, Michigan. The Cemetery's support is funded through contributions from Watervliet Township and the City of Watervliet, as well as lot sales and burial fees. Revenue is used to operate the Cemetery.

**A. Reporting Entity**

The Cemetery is governed by an appointed six-member Board. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. The Cemetery is a joint venture between the City of Watervliet and Watervliet Township. Based on the significance of any operational or financial relationships with the Cemetery, there are no component units to be included in the Cemetery's financial report.

**B. Financial Statements**

**Government-Wide Statements**

The Cemetery's financial statements include both government-wide (reporting the Cemetery as a whole) and fund financial statements (reporting the Cemetery's major fund).

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and the expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Statement of Net Assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Cemetery's net assets are reported as unrestricted net assets.

**Fund Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Cemetery considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Cemetery reports only one major governmental fund - the General Fund.

**C. Bank Deposits and Investments**

The Cemetery has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**WATERVLIET CITY/TOWNSHIP CEMETERY**  
**Notes to the Financial Statements**  
**March 31, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. Capital Assets**

All capital assets of the Cemetery, including the land, are owned and accounted for by the City of Watervliet.

**E. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**NOTE 2 - BUDGET INFORMATION**

An operating budget is developed by the Cemetery Secretary. The proposed operating budget is then submitted to the Cemetery Board for review. The budget is formally adopted by the Cemetery Board at a meeting; subsequent amendments, if any, are approved by the Cemetery Board. Unexpected appropriations lapse at year-end; encumbrances are not included as expenditures. The budget was prepared on a basis consistent with accounting principles generally accepted in the United States of America.

The budget has been adopted on a line item basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. The budget as adopted is presented in these financial statements and includes expenditure budget overruns. The budget was not amended during the fiscal year.

**A. Excess of Expenditures Over Appropriations in Budgeted Funds**

General Fund expenditures were in excess of appropriations as indicated below:

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Budget</u>
General Fund:			
Maintenance	\$ 10,500	\$ 10,600	\$ (100)
Repurchase of lots	-	600	(600)
Post office box rent	24	26	(2)
Miscellaneous	-	294	(294)

**WATERVLIET CITY/TOWNSHIP CEMETERY**  
**Notes to the Financial Statements**  
**March 31, 2008**

**NOTE 3 - DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and saving and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations to the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Cemetery has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Cemetery's deposits and investment policies are in accordance with statutory authority.

**Custodial Credit Risk** - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Cemetery's deposits may not be returned to it. The Cemetery does not have a deposit policy for custodial credit risk. As of March 31, 2008, the carrying amount of the Cemetery's deposits was \$52,415, all of which was covered by federal depository insurance.

**WATERVLIET CITY/TOWNSHIP CEMETERY**  
**Budgetary Comparison Schedule**  
**For the Year Ended March 31, 2008**

	<b>Original Amended Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenue:</b>			
Local unit contributions	\$ 10,000	\$ 10,000	\$ -
Lot sales	1,000	1,500	500
Burial fees	1,000	900	(100)
Investment income	<u>634</u>	<u>1,336</u>	<u>702</u>
 Total Revenue	 <u>\$ 12,634</u>	 <u>\$ 13,736</u>	 <u>\$ 1,102</u>
 <b>Expenditures:</b>			
Maintenance	\$ 10,500	\$ 10,600	\$ (100)
Repairs	300	-	300
Professional fees	1,300	-	1,300
Repurchase of lots	-	600	(600)
Utilities	800	648	152
Secretary	200	-	200
Insurance	100	100	-
Post office box rent	24	26	(2)
Bank charges	10	2	8
Miscellaneous	<u>-</u>	<u>294</u>	<u>(294)</u>
 Total Expenditures	 <u>\$ 13,234</u>	 <u>\$ 12,270</u>	 <u>\$ 964</u>
 Excess of Revenue Over Expenditures	 \$ (600)	 \$ 1,466	 \$ 2,066
 Net Assets, Beginning of Year	 <u>55,949</u>	 <u>55,949</u>	 <u>-</u>
 NET ASSETS, END OF YEAR	 <u>\$ 55,349</u>	 <u>\$ 57,415</u>	 <u>\$ 2,066</u>